

## GENERAL PROVISIONS OF THE U.S.-CHINA WTO DEAL

### ELIMINATION OF QUOTAS & LICENSES:

The WTO bars quotas and other quantitative restrictions. China has agreed to eliminate these restrictions with phase-ins limited to five years.

### PRODUCT-SPECIFIC SAFEGUARDS:

China has agreed to a 12-year product-specific safeguard, which allows the United States to address rapidly increasing Chinese imports in a targeted fashion, if they are disrupting the U.S. market. This provision does not apply to U.S. exports to China.

### ANTI-DUMPING:

China has agreed that current U.S. practice under its antidumping law with respect to non-market economy countries can apply to imports from China for 15 years after its accession.

### LOCAL CONTENT & TECHNOLOGY TRANSFER:

China has agreed to eliminate local content requirements immediately after it accedes to the World Trade Organization and not to enforce provisions in existing contracts which impose this requirement. ■



Photo by Curt Camermark, Courtesy of The World Bank

China, as part of its WTO accession deal with the U.S., will reduce its current average tariff rate on construction equipment by over 50 percent from 13.6 to 6.4 percent.

Granting China permanent normal trade relations (PNTR) and accepting the benefit of the U.S.-China Bilateral Agreement is in the best interests of the America. But it is also in our national interest for China to enter the WTO. This Agreement represents the most significant opportunity in nearly three decades to create positive change in China—change that would almost certainly result in strengthening the rule of law in China, widening the scope of personal freedom for the average Chinese citizen and creating a safer environment for the region and the world.

As President Clinton stressed in his State of the Union speech, January 27, 2000, “No one can know for sure what direction [China] will choose. We must do everything in our power to increase the chance that they will choose wisely, to be constructive members of the global community.”

### CHINA'S ACCESSION INTO THE WTO WILL BE GOOD FOR THE U.S. ECONOMY

**China's Entry to the WTO Will Slash Barriers to the Sale of American Goods and Services in the World's Most Populous Country:** China's entry into the WTO will dramatically cut import barriers currently imposed on American products and services. This Agreement locks in and expands our access to a market of over one billion people. China's economy is already among the world's largest and over the past 20 years has expanded at a phenomenal annual rate of nearly 10 percent. During this period, U.S. exports to China have grown from negligible levels to over \$14 billion each year.

**China Made Unilateral Concessions—We Would Simply Maintain the Market Access Policies We Already Apply to China by**

**Granting it Permanent Normal Trade Relations:** China made significant, one-way market-opening concessions across virtually every economic sector, including increasing access to its markets for agriculture, services, technology, telecommunications and manufactured goods. China also agreed to eliminate “unseen” barriers, such as exclusive rights to import and distribute goods.

■ On U.S. priority agricultural products, tariffs will drop from an average of 31 percent to 14 percent by January 2004, with even sharper drops for beef, poultry, pork, cheese and other commodities. China will significantly expand export opportunities for bulk commodities, such as wheat, corn and rice, and it will eliminate trade-distorting export subsidies. Our pro-

ducers may also export and distribute directly inside China for nearly every agricultural product without going through state-trading enterprises or middlemen. Sales in the Chinese market will be a boon to American farmers, who have recently faced tough times.

■ Industrial tariffs on U.S. products will fall from an average of 24.6 percent in 1997 to an average of 9.4 percent by 2005. Considering that manufactured goods comprise a large proportion of American exports, the drop in Chinese tariffs is good news for our high tech manufacturers and basic industries.

■ At present, China severely restricts trading rights (the right to import and export) and the ability to own and operate distribution networks, both essential to move goods and compete effectively in any market. China will phase in these trading

rights and distribution services over three years, and also open up sectors related to distribution services, such as repair and maintenance, warehousing, trucking and air courier services. This will allow our businesses to export to China from here at home, and to have their own distribution network in China, rather than being forced to set up factories there to sell products through Chinese partners. This is a top priority of U.S. manufacturers and agricultural exporters.

■ China will participate in the Information Technology Agreement and will eliminate tariffs on products such as computers and semiconductors by 2005. Our IT firms will lead the world and stand to earn handsomely in this huge, expanding and information-hungry market.

**The Agreement Strengthens Our Ability to Ensure Fair Trade and to Protect U.S. Agricultural and Manufacturing Base from Import Surges, Unfair Pricing and Abusive Investment Practices such as Offsets or Forced Technology Transfer:** Prior to the negotiations,

Democrats and Republicans in Congress raised legitimate concerns about the importance of safeguards against unfair competition. As a result, no agreement on WTO accession has ever contained stronger measures to strengthen guarantees of fair trade and to address practices that distort trade and investment. This Agreement addresses those concerns through:

■ *A China-specific safeguard.* For the first 12 years—in addition to the existing safeguard provisions—China has also agreed to a country-specific safeguard that is stronger and more targeted relief than that provided under our current Section 201 law. This ensures that the U.S. can take effective action in case of increased imports of a particular product from China that cause, or threaten to cause, market disruption

in the United States. This applies to all industries, permits us to act based on a lower showing of injury and permits us to act specifically against imports from China.

■ *Strong anti-dumping protections.* The Agreement includes a provision recognizing that the U.S. may employ special methods, designed for non-market economies, to counteract dumping for 15 years after China's accession.

■ *Requiring China to eliminate barriers to U.S. companies that cost American jobs.* For the first time, Americans will have a means, accepted under the WTO rules, to combat such measures as forced technology transfer, mandated offsets, local content requirements and other practices intended to drain jobs and technology away from the U.S. As stated above, we will be able to export to China from home, rather than see

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**“THE AGREEMENT WILL ENABLE THE UNITED STATES TO BETTER ENSURE FAIR TRADE BETWEEN THE TWO COUNTRIES AND TO PROTECT U.S. AGRICULTURAL AND MANUFACTURING COMPANIES FROM IMPORT SURGES, UNFAIR PRICING AND OTHER ABUSIVE TRADE PRACTICES.”**

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